

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN **HB** PUBLICATION

New salvos in the '84 Cola Wars

Pepsi launches new generation Jackson, Richie

NEW YORK—The opening shots in Cola Wars '84 were heard when Pepsi-Cola introduced its new commercials and ad theme to more than 2,000 franchisee officials, wives and guests here recently at a black tie extravaganza

(Continued on page 57)



The Jacksons and some friends, left, introduce a "new generation" to Pepsi consumers, while Coca-Cola has unveiled a celebrity-filled campaign, right, featuring football star Marcus Allen.



Coke rolls out celebrity-filled diet Coke ads

NEW YORK—Coca-Cola opened up the diet front in the 1984 Cola Wars here recently by claiming that diet Coke is now the No. 3 best-selling brand in the industry, announcing a 60 million coupon blitz aimed at giving consumers a free diet Coke, and launching a new celebrity-filled ad campaign sustaining

(Continued on page 57)

SD sales vault 4.5% in '83

by Gary A. Hemphill

EXCLUSIVE REPORT—

Boosted by a revived economy, hot summer and an apparently successful segmentation of diets and caffeine-free colas, the soft drink industry was up 4.5% in 1983, with an all-time high 6.48 billion cases sold, ac-

cording to John C. Maxwell, BI's director of research/statistics.

The success of 1983 was a surprise to the industry, but it was a success that no one could really predict. Analysts had anticipated only flat or modest growth, more in line with the 2.6% rate of 1982. But the combination of the aforementioned factors changed all that.

First, the economy improved and consumers had more disposable income to purchase more soft drinks. Secondly, unusually hot weather also boosted sales.

Thirdly, new product introductions proliferated in

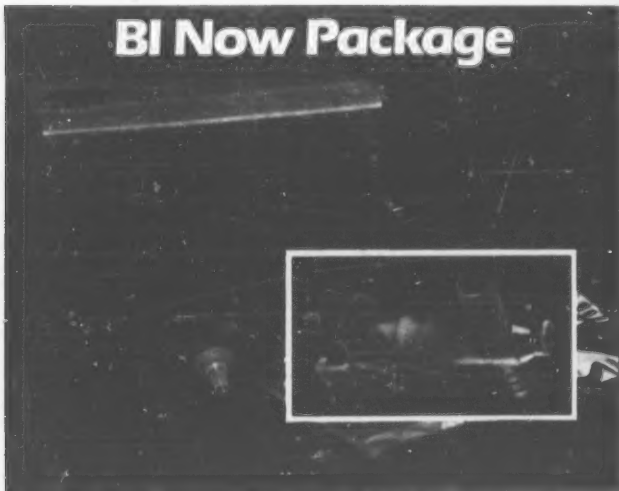
(Continued on page 13)

BI Report

•Seven-Up President Ed Frantel cited sources "which have become industry standards: John Maxwell and A.C. Nielsen" as the basis for his

(Continued on page 91)

BI Now Package



B-Bar-B's Kwik-Konnect simplifies the bag-in-box system for bottlers and fast food store operators. See page 12.

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1983 Top Ten Soft Drinks

1. Coca-Cola
2. Pepsi-Cola
3. Seven-Up
4. Dr. Pepper
5. Diet Coke
6. Sprite
7. Mountain Dew
8. Tab
9. Diet Pepsi
10. Royal Crown Cola

Beverage Industry

Bag-in-box makes inroads

Bulk growth continues to outpace SD industry

by Craig Fintor

EXCLUSIVE REPORT—Although the rate of growth of bulk fountain soft drinks has slowed, it is still increasing at a rate almost double that of packaged goods. In 1982, latest year for which NSDA sales figures are available, bulk sales were up 4.7%; packaged soft drink sales were up 2.4%.

Beverage Industry estimates that bulk sales in-

creased from 22.3 billion 12-oz. servings in 1982 to 23.5 billion 12-oz. servings in 1983, representing 24% of total sales for the soft drink industry. Bulk sales for 1980 and 1981, meanwhile, shared 22.4% of the market and 22.8% in 1982. In four years, the bulk sales segment has increased its share of the total market by 1.6 percentage points, a 7.5% increase.

Post mix has the lion's share of that market, pre mix a smaller portion.

Total gallonage (bulk and packaged) grew at 2.7% clip, while packaged and bulk had gains of 2.4% and 4.7% respectively. Total dollar value increased 5.7% during 1982, according to statistics. Total sales of 12-oz. packages were estimated at \$21.2 billion on the wholesale level.

Pre-mix and post-mix soft drinks had gains of 2.4% and 5.2%, respectively, in 1982. Packaged sales were up 2.4%, with plastic leading the way
(Continued on page 58)

Package design may be the key to Speas Farm aseptic success

BEAR LAKES, MI—Speas Farm, one of the nation's largest fruit cooperatives, expects its recent entrance into the aseptic market will solidify its hold on the apple juice market in the Midwest.

"We're trying to reach a different consumer," says Richard Birndorf, marketing manager for Speas Farm. "The aseptic package is aimed at child sales — lunch box, snacks," he says.

Birndorf believes the new packaging will enable them to better target this children's market. The Berni Corp. developed the packaging program for Speas Farm's aseptic-packaged juices. The company also redesigned Speas Farm's trademark.

Speas Farm's line of juices includes 100% pure apple, apple/cherry and apple/grape, marketed in shrink-wrapped, three-packs of Brik Pak packages.

Coupled with the projected sales of the blended products and the new design on Speas Farm's aseptic packages, Birndorf believes that the apple juice's No. 1 rated stand in the Midwest will be solidified.

Birndorf quickly added, however, that sales projections are hard to figure because the products have only been on the shelves for a short time.

Packaging presentations for the aseptic juice line feature high-impact, four-color, close-up photos of "just picked" fruit, according to The Berni Corp. When viewed en masse at shelf level, the contiguous design system creates a strong, synergistic impact.

• For more information on Speas Farm, circle no. 307 on the reader service card; on the Berni Corp., circle 308. □



A&W scoops rivals with new ad campaign

WHITE PLAINS, NY—Put two scoops of ice cream into a mug of A&W Root Beer and what do you have?

An A&W Root Beer float and increased sales of A&W and ice cream. At least that's what A&W and the International Assn. of Ice Cream Manufacturers (IAICM) are banking on. The two have joined hands in an advertising campaign slated to start this summer.

According to company officials, A&W was chosen for the distinction based upon the firm's "major thrust for root beer floats in 1984." Officials report that members of the IAICM selection committee are "excited about co-promotion opportunities" for A & W Root Beer and ice cream.

Adding credence to the promotional opportunities for A&W bottlers and ice cream is the fact that the company tested an A&W Root Beer float media/promotion concept in eight cities in August. The result? A&W sales increased anywhere from 27% to 143%.

The tie-in for the large sales increases, according to spokesmen, is a TV commercial that will air on network and local spots in June and August that "has the power to pull in new users as well as increase purchase frequency
(Continued on page 53)



Pocari commands 75% of the Japanese isotonic market and had \$125 million in sales in 1983.

Pharmaceutical firm intros isotonic

SAN DIEGO—The Japanese, innovators of many industrial products, have come upon another innovation that could affect the palates of many beverage consumers.

The Otsuka Pharmaceutical Co. has created a light, isotonic beverage designed to restore body fluids and

electrolytes lost through perspiration. Known as "Pocari," the beverage is to be introduced in San Diego County in May 1984 for test marketing.

"Pocari" is being marketed as a drink for the active, sports-oriented person, according to a company spokesman. The rea-

son? The beverage has a balance of electrolytes that is matched to the human body's fluids and, a representative told Beverage Industry, is more easily absorbed into the body's system. "In fact, Pocari is assimilated by the body even faster than water, as
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Speas Farm's new package.

Features

33 Selling your plant, part II
The second in BI's ongoing series of reports by Ugo Ippolito, lawyer and industry consultant, concentrates on the buyer's view of the sale of his plant. Included are tips for the prospective buyer.

43 Is vending recovering?
Vending manufacturers are hoping for an improved year, and all signs are pointing to partial recovery.

46 Reaping full-service profits
Dan Moskovitz, BI's technical editor, goes a step further in this vending issue with a report on the high-tech advances in—and profitability of—full-service vending.

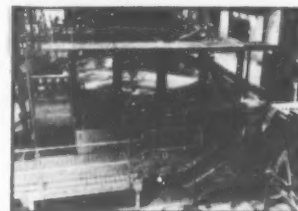
50 BI focus: vending/dispensing
From refurbishment to post-mix syrups, BI's fourth industry focus report concerns the vending/dispensing industries and trends each is experiencing.

72 Continental filler at 2,000 cpm
Tooheys Ltd., a Sydney, Australia brewery, recently shattered a previous American record by filling 2,000 cpm with a Continental Can 2200 ultra-high speed, 12-station rotary closing machine connected and synchronized by an H & K 165-valve rotary filling machine.

74 Fast food & soft drinks
Soft drink promotions and incentives are being utilized more and more as a way of attracting consumers to the country's vast array of fast food outlets. Why?



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Soundoff

"Trade discounting is a bad game"

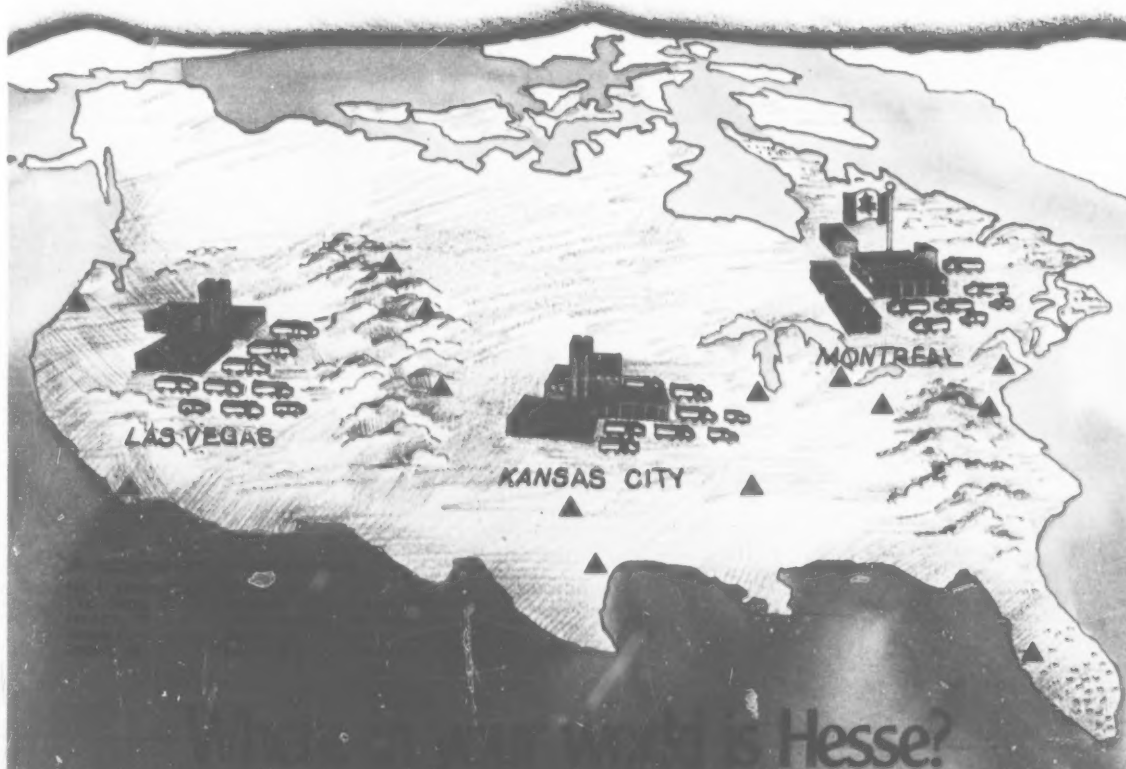
"...another negative consequence of frequent discounting is that it destroys consumers' concept of price value relative to a particular product. If you're trying to establish two liters of a certain product is \$1.49, what are consumers to think when they walk in the following week and find that it is 99 cents? How, they wonder, could it have been worth \$1.49?"

"Discounting, per se, has been around for ages. What has happened recently, however, is that practitioners of this technique have exceeded traditional limits. Consequently, there is a growing awareness among manufacturers that trade discounting is a bad game. It weakens the brand franchise and endangers product image. It behooves manufacturers, therefore, to devise a number of creative substitutes."

—Thomas W. Wilson Jr.,
head of the consumer goods
marketing group, McKinsey & Co.
in PepsiCo's Panorama,
February 1984

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WHERE'S HESSE?



Where's Hesse? Hesse is everywhere you think. For 137 years, Hesse has been building beverage truck bodies that you think are the best. A reputation for quality and workmanship that has made Hesse the most trusted name in the industry. A reputation for quality and workmanship that has made Hesse the most trusted name in the industry. A reputation for quality and workmanship that has made Hesse the most trusted name in the industry.

Granby, Quebec, outside of Montreal is the home of our newest plant. It is already producing and producing better service and quick delivery to customers in the Northeast United States and Canada.

Las Vegas, Nevada, is the home of the most modern beverage body plant in the industry. We put it there for our customers in the Rockies and the West.

Kansas City, Missouri, is still our home office and also home of the finest plant serving the Midwest. Here we house our expert engineering and customer service functions.

Where's Hesse? Just look at the quality of the work we've been building for 137 years. A reputation for quality and workmanship that has made Hesse the most trusted name in the industry. A reputation for quality and workmanship that has made Hesse the most trusted name in the industry. A reputation for quality and workmanship that has made Hesse the most trusted name in the industry.

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New products, hot summer boost SD sales

(Continued from page 1)

1983, including what Maxwell calls "the most successful new product introduction ever" in diet Coke, the fifth largest seller in '83 and probably now, at an annual rate, No. 4, Maxwell says. Other sources believe it may even be the third best-selling soft drink.

At the press conference proclaiming diet Coke as No. 3 brand, Brian Dyson, president of Coca-Cola USA, had this to say about the **Beverage Industry/John Maxwell** national brand rankings: "John Maxwell, the respected industry analyst, will probably show diet Coke to be the No. 5 brand in America when he publishes his 1983 industry statistics soon. We think that's incredible and we certainly agree with his analysis."

"Remember, diet Coke was only available to 31% of U.S. consumers in January, 1983. Fountain diet Coke wasn't even introduced until May of last year and is still on a strong growth trend."

"Diet Coke was the No. 5 soft drink in 1983. Fantastic!" he says.

Diet Coke was a shot in the arm to diet soft drink consumption, which also reached an all-time high, up to 17.3% total of the market and a 24% increase over '82 with 1,123 million cases sold in '83. Coke has the corner on that market with 40.9% of the total while Pepsi holds down 21.9%, Seven-Up 8% and Dr Pepper 7.5%.

While Coke has led in the diet category for years, it's never been stronger than it is right now. To reach that 40.9% share of the segment, Coca-Cola's diet brands, including Tab, Caffeine Free Tab, Fresca, diet Coke, Caffeine Free diet Coke and diet Sprite, increased in sales by 68% from 273.2 million cases in '82 to 459 million cases in '83, Maxwell reports.

To put diet Coke's influence in perspective, it was the only diet brand in the Coca-Cola stable that increased in sales in 1983, according to Maxwell. The other diet brands were either just introduced last year or decreased in sales. The huge growth of Coke's diet segment is due entirely to diet Coke.

In addition, diet Coke increased in sales by 192 million cases in '83; the industry's overall diet segment increased by 217.4 million cases. Diet Coke, then, was responsible for 89.7% of the growth of the diet category last year.

Certainly, aspartame, despite its controversial introduction, helped diet sales,

Consumption of soft drinks by company

1979		1980		1981		1982		1983			
Mil.	Pct.	Mil.	Pct.	Mil.	Pct.	Mil.	Pct.	Mil.	Pct.	1982-83	
Cases	Market	Cases	Market	Cases	Market	Cases	Market	Cases	Market	Change	
Coca-Cola Co.											
1,365.0	23.9%	1,425.0	24.3%	1,463.0	24.2%	1,478.0	23.9%	Coca-Cola	1,455.0	22.4%	(1.6)%
—	—	—	—	—	—	17.0	0.3	diet Coke	209.0	3.2	1,129.4
165.0	2.9	171.0	2.9	178.0	2.9	174.0	2.6	Sprite	180.0	2.8	—
170.0	3.0	188.0	3.2	216.0	3.6	237.0	3.8	Tab	173.0	2.7	(27.0)
107.0	1.9	98.0	1.7	88.0	1.5	80.0	1.3	Fanta	71.7	1.1	(10.4)
38.0	0.7	50.0	0.8	53.0	0.9	50.0	0.8	Mello Yello	42.0	0.6	(16.0)
—	—	—	—	—	—	—	—	Caffeine Free Coke	30.0	0.5	—
—	—	—	—	—	—	—	—	Caffeine Free diet Coke	30.0	0.5	—
43.0	0.8	39.0	0.7	34.0	0.6	29.5	0.5	Mr. Pibb	24.8	0.4	(15.9)
—	—	—	—	—	—	23.5	0.3	diet Sprite	20.0	0.3	—
—	—	—	—	—	—	—	—	Caffeine Free Tab	15.0	0.2	—
25.0	0.4	26.0	0.4	24.0	0.4	19.2	0.3	Fresca	12.0	0.2	(37.5)
23.0	0.4	25.0	0.4	26.0	0.4	26.0	0.4	Others	26.0	0.4	—
1,936.0	34.0	2,022.0	34.4	2,082.0	34.5	2,134.2	34.5	Total	2,288.5	35.3	7.2
Pepsi Co, Inc.											
1,022.0	17.9	1,056.0	17.9	1,104.0	18.3	1,120.0	18.1	Pepsi-Cola	1,095.0	16.9	(2.2)
156.0	2.8	169.0	2.9	179.0	3.0	175.0	2.8	Mountain Dew	175.0	2.7	—
142.0	2.5	154.0	2.6	173.0	2.9	180.0	2.9	Diet Pepsi	156.0	2.4	(13.3)
—	—	—	—	—	—	—	—	Pepsi Free	95.0	1.5	—
—	—	—	—	—	—	20.0	0.3	Sugar Free Pepsi Free	65.0	1.0	225.0
24.0	0.4	24.0	0.4	29.0	0.5	30.0	0.5	Pepsi Light	25.5	0.4	(15.0)
15.0	0.3	15.0	0.3	14.0	0.2	10.0	0.2	Teem	10.0	0.2	—
18.0	0.3	17.0	0.3	16.0	0.2	15.0	0.2	Others	15.0	0.2	—
1,377.0	24.2	1,435.0	24.4	1,515.0	25.1	1,550.0	25.0	Total	1,636.5	25.3	5.6
Dr Pepper											
311.5	5.5	323.0	5.5	326.0	5.4	315.4	5.1	Dr Pepper	317.5	4.9	0.7
62.9	1.1	69.1	1.2	79.5	1.3	81.5	1.3	Sugar Free Dr Pepper	73.9	1.1	(9.3)
—	—	—	—	—	—	—	—	Pepper Free	10.0	0.2	—
—	—	—	—	—	—	—	—	Sugar Free Pepper Free	10.0	0.1	—
374.4	6.6	392.1	6.7	405.5	6.7	396.9	6.4	Total	411.4	6.3	3.7
Canada Dry Corp.											
56.7	0.9	60.2	1.0	63.2	1.1	68.0	1.1	Ginger Ale	76.0	1.2	11.8
20.7	0.4	27.0	0.5	33.0	0.5	29.2	0.5	Club Soda	32.1	0.5	9.9
—	—	—	—	—	—	7.3	0.1	Seltzer	8.0	0.1	9.5
26.5	0.5	26.8	0.4	28.0	0.5	29.1	0.5	Tonic, Bitter Lemon	30.6	0.5	5.2
15.5	0.3	15.3	0.3	14.3	0.2	13.0	0.2	Barrelhead	10.8	0.2	(16.9)
5.0	0.1	4.0	0.2	4.2	0.1	3.4	0.1	Wink	2.7	—	(20.6)
38.0	0.7	31.0	0.5	25.0	0.4	21.0	0.3	Others	20.0	0.3	(4.8)
162.4	2.9	164.3	2.9	167.7	2.8	171.0	2.8	Total	180.2	2.8	5.4
57.0	1.0	54.5	0.9	44.0	0.7	38.5	0.6	Cott Corp.	35.0	0.5	(9.1)
31.0	0.5	30.0	0.5	31.6	0.5	31.7	0.5	Welch's	29.2	0.5	(7.9)
22.4	0.4	21.0	0.4	20.0	0.3	19.4	0.3	No-Cal	17.5	0.3	(9.8)
647.2	11.4	661.9	11.4	668.8	11.0	657.5	10.6	Grand Total	673.3	10.4	2.4
Seven-Up Co.*											
320.0	5.6	317.0	5.4	301.0	5.0	325.0	5.2	7-Up	352.0	5.4	8.3
63.6	1.1	64.0	1.1	70.0	1.2	79.0	1.3	Diet 7-Up	85.3	1.3	8.0
—	—	—	—	—	—	16.0	0.3	Like	24.0	0.4	50.0
10.0	0.2	9.0	0.2	8.0	0.1	6.0	0.1	Dixie Cola	4.5	0.1	(25.0)
—	—	—	—	—	—	—	—	Sugar Free Like	4.2	0.1	—
1.0	—	1.0	—	1.0	—	0.5	—	Howdy Flavors	0.3	—	(40.0)
394.6	6.9	391.0	6.7	380.0	6.3	426.5	6.9	Total	470.3	7.3	10.3
Royal Crown Cos.											
159.0	2.8	166.5	2.9	149.0	2.5	144.0	2.3	Royal Crown	134.6	2.1	(6.5)
—	—	—	—	20.0	0.3	33.6	0.5	RC100	29.7	0.4	(11.6)
38.0	0.7	37.0	0.6	37.0	0.6	15.4	0.3	Sugar Free Regular	13.7	0.2	(11.0)
53.0	0.9	50.0	0.8	43.0	0.7	35.0	0.6	Diet Rite Cola	29.1	0.4	(16.9)
250.0	4.4	253.5	4.3	249.0	4.1	38.0	0.6	Nehi and Others	—	0.6	6.1
100.0	1.7	105.0	1.8	109.0	1.8	266.0	4.3	Total	247.4	3.8	(7.0)
Shasta Beverages/											
—	—	—	—	—	—	—	—	Shasta Beverages/	128.0	2.0	(0.8)
Sunkist											
35.0	0.6	76.0	1.3	88.0	1.5	96.0	1.6	Sunkist	98.0	1.5	2.1
—	—	2.0	—	10.0	0.1	20.0	0.3	Diet Sunkist	18.0	0.3	(10.0)
35.0	0.6	78.0	1.3	98.0	1.6	116.0	1.8	Total	116.0	1.8	—

*Subsidiary of Philip Morris, Inc.

/Division of Consolidated Foods Corp. Total for 1982
Includes C&C Cola volume for nine months.

(Continued on page 14)

but many analysts and industry leaders think the diet segment would have grown and will continue to grow without new sweetener developments or new product introductions.

Says one franchise company president: "Diets will continue to grow. The only thing that has ever interrupted their growth is the federal government. The public is very calorie conscious. NutraSweet is very important to the diet colas because they tasted rotten without it."

Both diets and no-caffeines, but particularly diets, have been important factors in the growth of the industry. Compared to the industry's healthy 4.5% growth rate in '83, diets jumped 24%. Consider that without diet consumption included the industry would have dropped .8% in 1983.

Caffeine-frees

Caffeine-frees had a similar effect on the industry, although not as dramatic. Maxwell's report shows caffeine-frees grew 204% in '83, but the number is misleading because many of these products weren't rolled out until '83. Caffeine-free sales grew from 120 million cases in '82 to 365.7 million cases last year.

PepsiCo ruled this segment with its Pepsi Free brands, which now own a 44% share of the caffeine-free market, accounting for sales of 160 million cases, which is more than the entire segment was in '82. This segment was responsible for 365.7 million cases or 5.6% of the entire soft drink market, according to Maxwell. "We feel it is running at a rate of 7%-8%," says Maxwell.

Roger Enrico, president and CEO, Pepsi-Cola USA, believes all these new product entries contributed to the growth of the industry. "If you are not bringing new products to the market place," he said in a recent speech, "then you are going to have relatively slow growth; the converse also being true in my opinion... I don't think we've even scratched

(Continued on page 16)

Consumption of soft drinks by company (cont'd)

1979		1980		1981		1982		1983	
19.0	0.3	18.0	0.3	17.0	0.3	17.3	0.3	Moxie Inc.	
15.0	0.3	16.0	0.3	17.0	0.3	16.8	0.3	Monarch Co.	
14.3	0.2	14.4	0.2	14.4	0.2	15.0	0.3	Nesbitts	19.0 0.3 9.8
8.9	0.2	8.5	0.2	8.4	0.1	8.3	0.2	Frostie Root Beer	16.0 0.3 (4.8)
2.2	—	2.2	—	2.2	—	2.3	—	NuGrape	15.2 0.2 1.3
0.7	—	NA	—	NA	—	NA	—	Sun Crest	8.0 0.1 (3.6)
3.9	0.1	3.5	0.1	3.0	0.1	2.5	—	Moxie	2.4 — 4.3
2.1	—	1.9	—	0.7	—	NA	—	Kickapoo	— — —
2.0	—	1.8	—	1.3	—	1.1	—	Mason's Root Beer	2.1 — (16.0)
31.9	0.6	33.0	0.6	34.0	0.6	33.0	0.5	Flavette	— — —
100.0	1.7	99.3	1.7	98.0	1.6	96.3	1.6	Dr. Wells	1.1 — —
								Other	32.8 0.5 (0.6)
								Total	96.6 1.4 0.3
2.6	0.1	2.7	0.1	2.8	0.1	3.0	0.1	Consolidated Chocolate Co.	
1.9	—	2.0	—	2.0	—	2.0	—	Chocolate Soldier	3.3 — 10.0
1.4	—	1.4	—	1.4	—	1.4	—	Choc-ola	2.1 — 5.0
4.7	0.1	4.9	0.1	5.0	0.1	5.4	0.1	Brownie	1.4 — —
10.6	0.2	11.0	0.2	11.2	0.2	11.8	0.2	Other	5.6 0.1 3.7
110.6	1.9	110.3	1.9	109.2	1.8	108.1	1.8	Total	12.4 0.2 5.1
								Grand Total	109.0 1.7 0.8
55.8	1.0	64.8	1.1	72.0	1.2	81.5	1.3	Cadbury Schweppes USA, Inc.	
									83.2 1.3 2.1
54.8	1.0	56.8	1.0	59.1	1.0	65.0	1.1	Crush International	
8.2	0.1	8.5	0.1	8.7	0.1	9.5	0.1	Hires, Crush, etc.	68.0 1.0 4.6
63.0	1.1	65.3	1.1	67.8	1.1	74.5	1.2	Sun Drop	10.0 0.2 5.3
								Total	78.0 1.2 4.7
47.6	0.8	53.8	0.9	64.0	1.1	70.5	1.1	Squirt Co.	
									75.4 1.1 7.0
37.5	0.7	40.0	0.7	41.1	0.7	42.6	0.7	A&W Beverages \$	
16.5	0.2	18.0	0.3	19.9	0.3	21.9	0.3	A&W	44.6 0.7 4.7
54.0	0.9	58.0	1.0	61.0	1.0	64.5	1.0	Sugar Free A&W	21.9 0.3 —
								Total	66.5 1.0 3.1
33.5	0.6	34.1	0.6	34.0	0.6	32.6	0.5	Dad's Root Beer Company	
16.0	0.3	15.6	0.3	18.5	0.3	18.2	0.3	Dad's Root Beer	32.9 0.5 0.9
6.5	0.1	6.7	0.1	6.8	0.1	6.9	0.1	Bubble Up	18.7 0.3 2.7
56.0	1.0	56.4	1.0	59.3	1.0	57.7	0.9	Diet Dad's	7.1 0.1 2.9
								Total	58.7 0.9 1.7
39.1	0.7	39.9	0.7	39.0	0.7	40.0	0.6	Double Cola Co.	
23.9	0.4	22.1	0.4	25.2	0.4	29.8	0.5	Faygo	40.5 0.6 1.3
29.0	0.5	29.5	0.5	29.5	0.5	28.0	0.5	Frank's Beverages	32.5 0.5 9.1
11.6	0.2	13.9	0.2	16.9	0.3	19.1	0.3	Barq's	28.0 0.4 —
12.5	0.2	12.8	0.2	13.5	0.2	13.8	0.2	Cragmont (Safeway)	19.3 0.3 1.0
11.0	0.2	10.5	0.2	11.0	0.2	12.0	0.2	Chek (Winn-Dixie)	15.1 0.2 9.4
9.9	0.2	10.2	0.2	11.0	0.2	11.5	0.2	Big K (Kroger)	14.0 0.2 16.7
—	—	—	—	—	—	—	—	Seagram's†	12.8 0.2 11.3
8.0	0.1	8.0	0.1	7.2	0.1	6.8	0.1	Cotton Club	6.9 0.1 —
2.6	0.1	2.9	—	3.1	0.1	3.5	0.1	Yukon (A&P)	6.4 0.1 (5.9)
5,274.4	92.5	5,504.8	93.8	5,691.5	94.3	5,905.9	95.3	Total	3.7 0.1 5.7
425.6	7.5	370.2	6.2	343.5	5.7	294.1	4.7	Others	6,210.0 95.8 5.1
5,700.0	100.0%	5,875.0	100.0%	6,035.0	100.0%	6,200.0	100.0%	Grand Total	270.0 4.2 (8.2)
									6,480.0 100.0% 4.5%

\$Subsidiary of Castle & Cooke

†Represents partial year test market sales.

Source: Lehman Brothers Kuhn Loeb Research

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April 1984

Estimated market share by type*

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982		1983
63.0%	63.0%	63.0%	62.5%	61.7%	62.1%	62.2%	62.4%	62.3%	62.3%	62.4%	62.6%	62.1%	Cola	63.6%
12.0	12.0	12.0	12.5	12.8	12.9	12.7	12.4	12.3	12.1	11.8	11.6	12.0	Lemon-Lime	12.5
3.9	3.9	4.7	5.3	6.4	6.3	6.5	7.2	7.5	7.5	7.5	7.4	7.0	Pepper Type	6.8
8.3	8.4	8.4	8.2	8.0	7.9	7.8	7.4	7.4	7.3	7.4	7.4	7.6	Orange	7.1
4.5	5.0	5.0	5.0	5.2	5.2	5.2	5.3	5.4	5.5	5.5	5.5	5.4	Root Beer	5.0
8.4	7.7	6.9	6.5	5.9	5.6	5.6	5.3	5.1	5.3	5.4	5.3	5.9	All Others	5.0
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Total	100.0%

*Includes diet drinks

Source: Lehman Brothers Kuhn
Loeb Research

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Diet soft drink consumption

1979			1980			1981			1982			1983		
MIL	Pct	MIL	Pct	MIL	Pct	MIL	Pct	MIL	Pct	MIL	Pct	MIL	Pct	
Cases	Market	Change	Cases	Market	Change	Cases	Market	Change	Cases	Market	Change	Cases	Market	
195.0	28.9%	10.8%	214.0	28.5%	9.7%	240.0	28.8%	12.1%	273.2	30.2%	13.8%	Coca Cola*	459.0	40.9%
142.0	21.1	11.8	178.0	23.7	25.4	202.0	24.3	13.5	210.0	23.2	4.0	PepsiCo#	246.5	21.9
63.6	9.4	1.0	64.0	8.5	0.6	70.0	8.4	9.4	79.0	8.7	12.9	Seven-Up	89.5	8.0
85.3	12.7	2.9	90.1	12.0	5.6	99.5	12.0	10.4	100.9	11.1	1.4	Dr Pepper\$	83.9	7.5
38.0	5.6	(5.5)	40.5	5.4	6.6	37.0	4.4	—	35.0	3.9	(5.4)	Royal Crown Cola	29.1	2.6
16.5	2.4	18.7	18.0	2.4	9.1	19.9	2.4	10.6	21.9	2.4	10.1	Sugar Free A&W	21.9	1.9
—	—	—	2.0	0.3	—	10.0	1.2	400.0	20.0	—	—	Diet Sunkist	18.0	1.6
6.5	1.0	(7.1)	6.7	0.9	3.1	6.8	0.8	4.5	6.9	0.8	1.5	Diet Dad's	7.1	0.6
546.9	81.1	7.2	613.3	81.8	11.8	685.2	82.4	11.7	746.9	82.5	9.0	Subtotal	955.0	85.0
127.1	18.9	5.9	136.7	18.2	7.6	146.8	17.6	7.4	158.7	17.5	8.1	All Others	168.0	15.0
674.0	100.0%	7.0%	750.0	100.0%	11.0%	832.0	100.0%	10.9%	905.6	100.0%	8.8%	Total	1,123.0	100.0%
11.8%			12.7%			13.8%			14.6%			% of Total Market	1,117.3%	

*Includes diet Coke, Tab, Caffeine Free Tab, Fresca, Caffeine Free diet Coke, and Diet Sprite.

#Includes Diet Pepsi, Pepsi Light, and Sugar Free Pepsi Free.

\$Includes No-Cal.

Source: Lehman Bros. Kuhn Loeb Research

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April 1984

New products, hot Summer boost SD sales

(Continued from page 14)

the surface in terms of potential product innovation in the business."

One industry executive has downplayed these new product introductions, claiming they're not truly new products but spin-offs. "To call them pure new products is not totally accurate. They're still identifiable names. They provided the resource of the volume base by chopping up existing business," he says. While the acceptance of these new products has been good, it's probably at least another year off until the industry can establish to what degree these new products have cannibalized existing brands. If the top ten selling soft drinks are any indication, cannibalization definitely took place.

Top 10 brands

The top 10 were altered primarily by the appearance of diet Coke, but most of the other brands in the top 10 had either flat or negative growth rates.

Coca-Cola sold 1,445 million cases for a 22.5% market share and a 1.6% decrease over '82. Pepsi-Cola sold 1,095 cases for a 16.9% market share and a 2.2% decrease over '82. After that follows 7UP, Dr Pepper, diet Coke, Sprite, Mountain Dew, Tab, Diet Pepsi and Royal Crown Cola.

In the top 10 (see related story), only brands 7UP, Dr Pepper and Sprite increased sales. Coke, Pepsi, Tab, Diet Pepsi and Royal Crown were all down. Mountain Dew showed no change and diet Coke, of course, was a new entry.

Maxwell reports colas and lemon-limes increased market share in 1983 at the expense of pepper-type, orange, root beer and the "all others" category. Colas had 63.6% market share in '83 and



lemon-lime had a 12.5% share. For both categories it represented a turn-around of sorts from 1982 when both lost share. Perhaps these numbers are a reflection of the intense discounting in the industry, making brand loyalty almost nonexistent. Certainly, it's the majors that consumers find on special in the supermarket from week to week and not the allied brands.

One industry executive who declined to be identified, downplayed the significance of this. "Consumer focus was on a whole number of new colas to try. A Tab drinker now has a whole lot of choices, but you're eventually going to settle into one

brand. All of this crowded out the allied brands and the effect will probably remain with us through this summer.

"Because of all the new products, the cola category is getting a shot in the arm in '83 and '84. Whether these no-caffeines and diet Coke will have a permanent influence on the industry, we won't know until the end of '84. It's too early to make a judgment, but if I was going to bet I would bet against it," he says.

While there is some confusion as to how all the new product entries will influence the industry over the next few years, there is no confusion about the success of '83. Parent companies are unani-

Caffeine-free consumption (cola & pepper only) 1983		
Mil. Cases	Pct. Market	
PepsiCo	160.0	43.8%
Coca-Cola	75.0	20.5
Royal Crown		
Cola	72.5	19.8
Seven-Up	28.2	7.7
Dr Pepper	20.0	5.5
Subtotal	355.7	97.3
All Others	10.0	2.7
Total	365.7	100.0%
% of Total Market	5.6%	

Source: Lehman Bros. Kuhn Loeb Research

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mous in their analyses of the year.

"We had a good year, but for everybody in the industry it was a difficult year," says Ed Shanks, president and CEO of the Double Cola Co. Shanks labels new product proliferation and price discounting as the main factors bringing about the growth of the industry.

"One of the things that benefited everybody was stable costs in areas like packaging and sugar. This allowed the industry to make profits despite discounting," he says.

The discounting game moved in a cyclical pattern. When the majors got involved, the others had to also. Says Shanks: "As much as I

hate to admit it, both Coke and Pepsi have a higher brand awareness than we do. We had to discount."

While smaller companies, like Double Cola, did not get involved with the proliferation of new product to the degree that the majors did, they were certainly affected.

"We had to increase spending levels," says Shanks. "You get bottlers handling 30, 40 or 50 different products and you have to increase spending levels to keep your market share just from eroding."

Don Tassone, spokesman for Procter & Gamble's Crush brands and Hires Root Beer, says, "It's been a very good year for our brands, but we don't like to comment on sales figures. We expect further growth in '84 because of improved products, new marketing plans and an improved relationship with our bottlers."

Tassone says while a saccharin-sweetened, low-calorie Hires is on the market, P&G expects to introduce a NutraSweet reformulation within '84. In addition, Tassone says diet brands of Crush should also be introduced within the year using NutraSweet.

Also, 1983 proved an exciting year for mixers with the introduction of Seagram's mixers, which by the end of '83 had penetration in markets that accounted for over 22% of the mixer segment, according to Jerome M. Will, senior vp-Premium Beverages, a subsidiary of New York Coke and franchiser of the mixers.

"We should more than double that in '84," anticipates Will. According to

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Focus Group studies and Mail Intercepts compared the new Q/LIGHT aluminum can against spin-neck and triple-neck aluminum cans. Consumers consider the Q/LIGHT can the can of the future. That it looks new and is new. That it looks more attractive, more eye-catching, lighter, newer, and easier to hold.

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Per capita consumption of soft drinks

	Million Cases Consumed	Gallons Per Capita
1983	6,480	41.6
1982	6,200	40.2
1981	6,035	39.5
1980	5,875	38.8
1979	5,700	38.1
1978	5,500	37.1
1977	5,260	35.9
1976	4,890	33.7
1975	4,460	31.0
1974	4,460	31.4
1973	4,440	31.5
1972	4,200	30.1
1971	3,950	28.6
1970	3,675	27.0
1969	3,475	25.9
1968	3,300	24.8
1967	3,100	23.5
1966	2,910	22.3
1965	2,625	20.3
1964	2,430	19.1
1963	2,245	17.9

Copyright: John C. Maxwell Beverage Industry April 1984

Source: Lehman Bros. Kuhn Loeb Research

Maxwell, the line sold 6.9 million cases in 1983.

"We really surprised ourselves with the success of the brand," says Will. "Every place we introduced it, the entire mixer category grew. Internally, we met all of our goals, and we're further ahead than expected in our five-year plan."

"Until last year, it's a category that's been kind of sleepy. Seagram's Mixers have brought about a blossoming of the potential of the market," adds Will.

Canada Dry also knew success in '83 with a 9.8% increase in sales in its mixers, while Schweppes grew slightly with a 2.1% increase, according to Maxwell. Ginger ale, the company's flagship brand, grew 11.8%.

Some private label firms, particularly supermarket beverage lines, enjoyed excel-

"John Maxwell will probably show diet Coke to be the No. 5 brand in America... We think that's incredible and we agree with his analysis."

—Brian Dyson

lent years. Safeway's Cragmont was up 9.4%; Kroger's Big K jumped 11.3%; Winn-Dixie's Chek increased 16.7%.

An official from Winn-Dixie says that despite some successful new product introductions in '83 by the majors, he believes some private la-

bels were successful because of consumer confusion caused by so many introductions. "Companies like Winn-Dixie didn't get into that battle," he says.

What's ahead for '84? "The bottom line is that we feel it is going to be a particularly difficult year. Another good summer seems likely. The economic pick-up has occurred and the impact of new product introductions will probably wind down," says Maxwell.

He adds: "Thus, we would not be too surprised to see a relatively flat year domestically. Also, the fast-growing aseptic packaging being used by the broad juice market should compete greatly with the soft drink market."

Another industry official says, "I think there will be a big shake-out and the effects of the new products will wind

down. In fact, we'll probably see some of them disappear from certain markets. But first we'll probably see a dis-

appearance of packages. If a brand doesn't move, bottlers will probably continue all but one package of the brand." □

The top ten: '73 vs. '83

			1973	1983			
Sales*	%/market	Brand	Rank	Rank	Sales*	%/market	Brand
1,190.0	26.7	Coca-Cola	1	1	1,455.0	22.5	Coca-Cola
777.4	17.4	Pepsi-Cola	2	2	1,095.0	16.9	Pepsi-Cola
317.7	7.1	Seven-Up	3	3	352.0	5.4	Seven-Up
208.7	4.7	Dr Pepper	4	4	317.5	4.9	Dr Pepper
165.0	3.9	Royal Crown	5	5	209.0	3.2	Diet Coke
97.0	2.2	Tab	6	6	180.0	2.8	Sprite
95.0	2.1	Sprite	7	7	175.0	2.7	Mountain Dew
60.3	1.4	Diet Pepsi	8	8	173.0	2.6	Tab
46.6	1.0	Canada Dry**	9	9	156.0	2.4	Diet Pepsi
44.0	1.0	Fresca	10	10	134.6	2.1	Royal Crown

*In millions of cases

**Ginger Ale

Copyright: Beverage Industry & John C. Maxwell

April 1984

A decade of top tens

Top four remain the same; newcomers crack BI chart

ANALYSIS—Since 1973 there have been no changes in the top four brands in **Beverage Industry's** chart of top ten beverages, but all that might change next year. Diet Coke, a newcomer, made its first appearance on the chart in the number five position in 1983 and insiders say the brand is currently growing at a rate which could catapult it into the number three slot by the end of this year.

Mountain Dew, a shaky performer in recent years, is the other newcomer to crack the top ten in the past ten years. Purchased by Pepsi in 1964, the brand took off and made its first appearance on the top ten in 1975 when it edged out Canada Dry ginger ale by a half million cases for the number nine position.

Although Mountain Dew's sales were flat in 1983, the brand's sales today are more than triple what they were in 1975. It is

The second ten

Rank	Brand	Sales*	%/market	'82 vs. '83
11	Sunkist	98.0	1.5	+2.1
12	Pepsi Free	95.0	1.5	—
13	Diet Seven-Up	85.3	1.3	+8.0
14	Canada Dry			
	Ginger Ale	76.0	1.2	+11.8
15	Sugar Free			
	Dr Pepper	73.9	1.1	—9.3
16	Sugar Free			
	Pepsi Free	65.0	1.0	+225.0
17	A&W Root Beer	44.6	0.7	+4.7
18	Mello Yello	42.0	0.6	—16.0
19	Canada Dry			
	Club Soda	32.8	0.5	+9.6
20	RC 100 Sugar Free	29.8	0.4	—11.6

*In millions of cases

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April 1984

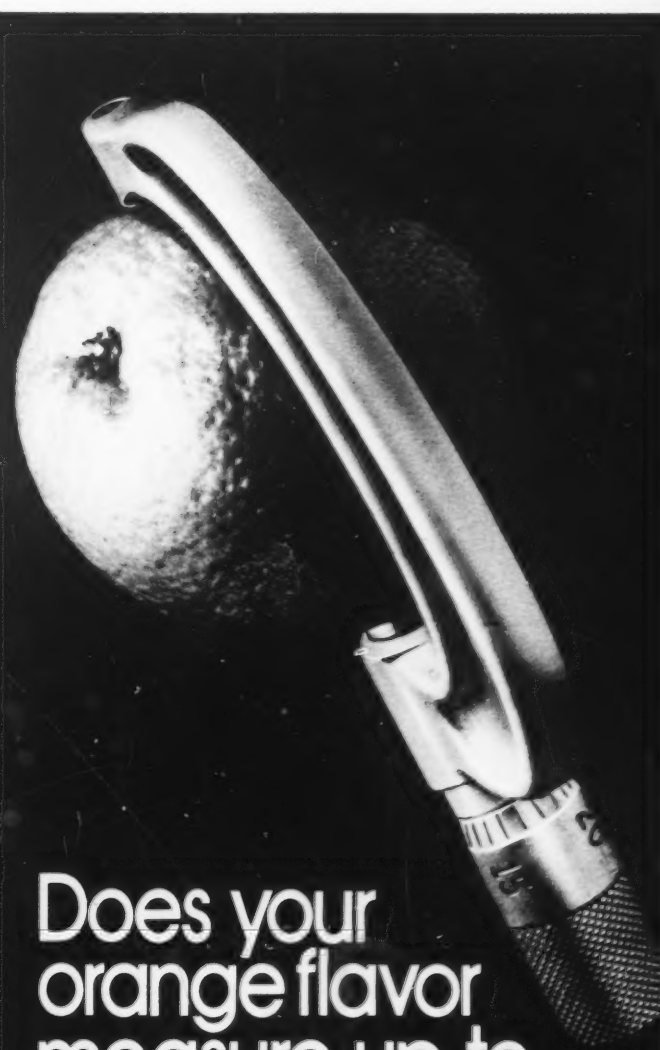
the number two brand in Pepsi's stable.

Canada Dry Ginger Ale sales have been growing consistently in recent years (they're almost double what they were in 1973), but it dropped out of the top ten in 1976. This year the prod-

uct is in the number 14 position.

A victim of the cola wars, Royal Crown Cola has been the only brand in the top ten which has lost sales over the past ten years. In 1973, RC was solidly ensconced in

(Continued on page 53)



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Profitability in full-service vending systems

(Continued from page 47)
mote reading of venders activities without requiring a routeman to obtain the data with a portable reader (interrogator).

This telecommunications capability gives the bottler actual sales data on a real-time basis. Therefore, machines can be service based on their actual inventories rather than on historical sales trends.

The advantage of such real-time data collection is that it allows the bottler to accommodate the wide variation in the vender's day-to-day sales.

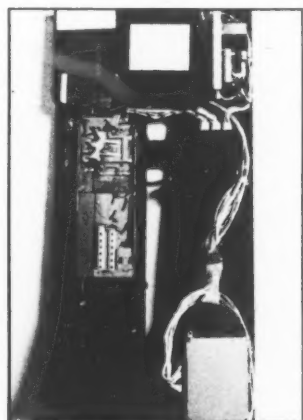
This system combines machine monitoring functions with a computer based analysis system to provide a complete full-service vending machine data collection and data analysis system. The Smart Vender System includes a variety of sales analysis reports that can be used to maximize the product sales for each account.

Since Smart Vender monitors the quantity of coin and product in the machine it gives the bottler total accountability. It also allows the bottler to schedule service more efficiently because it records exactly when sales occurred.

Various Smart Vender monitoring inputs also inform the bottler of maintenance problems before they become severe. Thus, it greatly improves the customer service.

Many vending machine manufacturers are also showing great interest in providing the industry with top-of-the-line electronic technology. Dixie Narco and Choice Vend have announced that they are in the final processes of testing electronics in their newest equipment.

• For more information on Coinco, circle no. 303 on reader service card; for Mars Money Systems, circle no. 304; for Metretek, circle no. 305. □



Coinco's M-300 Electronic Changer and Gold Box A-16.

A decade of top tens

Top four remain the same; newcomers crack BI chart

(Continued from page 19)
the No. 5 position and had been for years. While the company has been busy opening new segments via innovation, the brand's sales have dropped an average of 3 million cases or 1.8% per year over the past decade.

RC Company's total sales, however, still rank it in the fifth position.

Until the emergence of diet Coke, Tab was Coca-Cola's consistent winner in the top 10 diet sweepstakes. In 1982, the product was ranked fifth, a comfortable 57 million cases in front of Diet Pepsi.

That margin has dropped to 17 million cases and Tab was in the number eight position last year. Diet Pepsi has also suffered some cannibalization as the result of recent product segmenta-

tion and the diet Coke success. The product was in number eight position in 1973, but dropped to ninth this year.

If diet Coke continues to perform as the prognosticators in Atlanta say it will, it could further shake up future top 10 listings next year. In addition, there are several brands seemingly poised to make their run for the elite listing.

Sunkist, for example, made the top 10 list three years ago, but was edged out in 1983. Its 98 million case sales is only 35 million short of the No. 10 spot. Pepsi Free, the leading caffeine-free and also an '83 newcomer, is in 13th spot with 95 million cases. Two others—Diet Seven-Up and Canada Dry Ginger Ale—are also within striking distances of the top 10. □

A&W scoops competition with new ad campaign

(continued from page 4)
among our current consumer base."

Michael Weinstein, senior vp-marketing for A & W, told **Beverage Industry** that the \$2 million-plus campaign will cover approximately 85% of U.S. homes during two weeks in June and two weeks in August. Prime time (7-11 p.m.), early fringe (3-7 p.m.) and daytime slots are targeted for the ads featuring the A & W Root Beer float.

Weinstein also told **BI** that the company will begin

airing its new "Pour Yourself A Frosty One" spot beginning April 9. The spot features two lumberjacks in a bar that order up A&W after a long day of work. Company officials say that a heavy media schedule will run through Labor Day. In addition, A&W will continue its popular "That One Calorie Frosty Mug Sensation" spot for Sugar-Free A&W.

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Bulk soda sales slow for 6th straight year

(Continued from page 4)

at 9.8%. Meanwhile, one-way glass was up to 6.5% and can sales increased to 3.6%. Refillables, however, decreased to 6.5%.

Why has the meteoric rise of the bulk package market slowed to a snail's pace?

Perhaps the most important answer is the rise and subsequent leveling of the fast food industry. The intense proliferation and diversification of the fast food industry in the late 1960s and through the 1970s was a tremendous lift to the bulk beverage segment. Consider this: In 1965, the market share percentage of bulk was 12.9%; in 1982, 22.8%. Many new fast food chains began operations within the past 16 years and have saturated the U.S., increasing bulk sales.

But the poor economy in 1981-1982 hampered the purse strings of many Americans, particularly the unemployed. The result was that many American families tightened their economic belts, cutting their spending

to the necessities. Many fast food restaurants experienced poor-to-modest earning statements that, of course, affected their bulk drink sales. Thus, the bulk segment experienced the same poor-to-modest growth in the past couple of years.

Attractive alternative

The large soft drink firms continue to hold onto a very hefty share of the bulk market with Coca-Cola outpacing Pepsi. This arrangement, however, could very easily change.

One of the reasons is because the bag-in-box dispensing system is becoming more of an attractive alternative to steel transfer tanks.

With a cheaper, initial cost outlay, bag-in-box systems may become a staple at many "mom-and-pop" outlets. The bag-in-box, a metallized bag enclosed in a corrugated cardboard box, costs approximately the same as it did last year—\$1.65 each, according to one industry source. The cost of a stainless steel tank is

relatively the same also, a little more than \$35.

The bag-in-box dispensing units, considered to be relatively new to the soft drink industry, work with the aid of an electric or air pump. The pump pulls the syrup out of the bag up to the soft drink dispenser.

The units, however, are not without detractors. Some believe that problems in designing an efficient pump have held back the development of the system within the industry. But, an industry source believes that such problems with bag-in-box are not that viable and only perceived, claiming that manufacturers have made significant inroads in the past year.

One source says that there is no question that bag-in-box units will displace stainless steel tanks.

B-in-B vs steel

As BI asserted in last year's report, bag-in-box units are more practical than steel tanks for one-time events because of obvious cost and disposable features. Many industry observers will have an opportunity to analyze such events because of the Summer Olympics in Los Angeles this year. Sales per-

Bulk soft drink

Year	Bulk Sales (Mil. 12-oz.)	Percent Increase
1983	23,490	+ 5.4
1982	22,288	+ 4.7
1981	21,287	+ 3.7
1980	20,518	+ 4.6
1979	19,612	+ 8.9
1978	18,008	+ 9.4
1977	16,446	+13.2
1976	14,526	+12.0
1975	12,969	+ 1.6
1974	12,761	+ 5.7
1973	12,069	+ 9.2
1972	11,049	+ 5.4

Source: National Soft Drink Association, 1972-83

Copyright: Beverage Industry
April 1984

centages may rise sharply this year because of the summer games, at least in the southern California market, said one industry analyst. Emphasis is being placed upon bag-in-box systems in the market by parent companies, making the dispensers available to bottlers and restaurants in anticipation of the summer games, he says. Such an emphasis, meanwhile, could very well increase the market share for bulk sales of bag-in-box.

Steel transfer tanks, however, will have their share of the market on sheer dollar value. Many bottlers and institutional firms have invested heavily in steel tanks and will not immediately forego them for the less costly bag-in-box systems. Therefore, many companies will continue their use of steel tanks for as long as the tanks last. One source revealed that steel transfer tank suppliers may expect a level sales growth in the future, giving credibility to the fact that such dispensing systems can be less costly than bag-in-box.

Bag-in-box suppliers, meanwhile, are aggressively attacking the marketplace. Coca-Cola USA recently announced a new soft drink dispenser targeted for low-volume office and retail locations that do not have soft drinks. Known as the "Beverage Technology System," the unit is self-contained and dispenses cold soft drinks from a system about the size of an office coffee brewer. The unit weighs only 53-lbs., according to company spokesmen.

Bag-in-box is not limited to soft drinks either. Silverstone Cellars of Elk Grove, CA, recently entered the bag-in-box wine market.

Marketing figures indicate that bag-in-box purchases will total approximately 10% of wine gallon sales in 1984, according to Thomas P. Kelley, vp-marketing and gm of Gibson Wine Co., the producer of Silverstone Cellars. "Bag-in-box has definitely become an established segment of the wine industry," he told BI. Kelley says that bag-in-box wines stay fresh

longer, are more convenient to handle and serve.

Ken Harlow, product manager for Liqui-Box Corp. in Worthington, OH, concurs with Kelley. Sales for Liqui-Box's bag-in-box systems were up in 1983. "We'll definitely expect sales to be up in '84 and substantially higher in 1985," he says. At present, Harlow told BI that Liqui-Box will have a bag-in-box innovation later this year.

Liqui-Box, the only company that manufactured a bag-in-box unit field-tested by Pepsi-Cola, has also been approved by Dr Pepper, Dad's Root Beer, Royal Crown Cola, and Nestle's. In fact, says Harlow, General Foods has approved Liqui-Box's bag-in-box dispensers for its line of lemonade beverages, including Country Time.

Harlow, who claims that Liqui-Box is the only dispensing firm that offers installation teams and deferred payment plans for clients, says that his company's systems leave "less than an ounce" of beverage residue using pumps. "We can operate with any kind of pump," he says.

Another bag-in-box manufacturer believes that the time is ripe for major franchise firms to approve the use of the dispensing unit. "Our plea is: 'The time is now to start buying,'" says Kenneth Hartung, marketing director of B-Bar-B, Inc., located in New Albany, IN.

"We don't expect Coke and Pepsi to just throw away the steel tanks. It'll take time for companies to realize the advantages of bag-in-box. We'll be here for a long time," he told BI. "We're very positive it will (franchise approval) happen in '84," he says.

Hartung realizes that Coca-Cola and Pepsi-Cola, the two largest franchise companies, can pace the industry if the two firms approve the use of bag-in-box dispensing systems for fast food restaurants. "Coke and Pepsi control the industry, much more than other companies. So they will have to make the conversion first before everyone else makes the switch," he says.

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Because of the limited space most fast food restaurants have, Hartung concurs that post-mix bag-in-box systems would be more advantageous than transfer tanks.

B-Bar-B, says Hartung, has developed a new coupler called "Kwik-Konnect." According to Hartung, "Kwik-Konnect" is the first coupler that looks and works like a transfer tank's coupler. "It's not everyday that you can make something better and cheaper," he says.

"There are cost advantages to bag-in-box over steel tanks. Cleaning... them costs a lot of money," says Cornet of Scholle.

The company's current bag-in-box unit, "Syrup Pak," was introduced into the market in 1981 at the NSDA convention in Los Angeles. "A lot of reasons why bottlers like the 'Syrup Pak' is because they think it will sell more syrup. We think it (Syrup Pak) will be more productive," he says.

Hank Cornet, marketing director of the Scholle Corp. in Northlake, Ill., told BI that the market for bag-in-

box units "should double" in the next five years, attributing the growth to the tremendous cost-savings of bag-in-box over steel transfer tanks.

Cornet, who says that Scholle Corp. opened a plant in South Africa last year, reports that his firm developed automatic fill-fast units in 1983. "It fills 400 bags and automatically drops them in the box," he says. "The machines fill eight 5-gal. bags per minute," he claims.

Sales in '83 compared to the previous year were "up

tremendously" for the company, says Cornet, giving credence to the belief that more retail beverage outlets are looking at bag-in-box systems to reduce their costs. Says Cornet: "There are cost advantages to bag-in-box over steel tanks. Cleaning tanks and having them filled again costs a lot of money."

Cornet points out that Scholle Corp. has 13 plants in the U.S., one in Canada and one in Australia to coincide

with the plant in South Africa.

Pumps

Pumps for dispensing systems are becoming just as innovative as the dispensers themselves, according to several manufacturers who talked with BI. More companies, realizing the potential market for bag-in-box systems, are beginning to offer dispensing manufacturers several choices in pumps.

Such a pump manufacturer is Electronic Dispensers International (EDI) of Reno, NV. Ken Wogberg, director of marketing and sales, told BI that his firm is featuring the "RP" (Reciprocating Pump) pump for bag-in-box systems. Wogberg says that the company originally manufactured the "RP" pump for beverage dispensing systems, but since its introduction into the market other non-beverage companies have found uses for the unit.

Possessing "exceptional durability," the company's "RP" pump removes "almost all" of the beverage's residue from bag-in-box units, says Wogberg. "But there must be a good seal within the bag,"

he told BI. "A good seal is mandatory for all residue to be removed," he says.

Modified pumps are characteristic also of the SHURflo Pump Co. of Anaheim, CA. Marty Bergeson, vp of industrial marketing, told BI that his company has designed a "gas-operated diaphragm pump that is totally automatic." When some bag-in-box systems run dry, explained Bergeson, some pumps need to be reset manually. "Not so with our pump. The pump resets itself," he says.

"There is a lot of demand for the pump. Sales are very good for the system," he adds.

"The pump is easier to install," he says, adding that such companies as Dr Pepper and Sunkist are testing the pump. "Shasta is the only beverage company," he says, "that is using the 'RP' pump exclusively. The majority of the users are wine producers, like Gallo." He believes that "within 30 to 60 days" bag-in-box will become a major part of EDI's business.

Wogberg says that EDI manufactures "about 1000 pumps" a month. "That's a conservative estimate," he

phen H. Berni, president of the firm. The company's research of the new package design consisted of consumer packaging 'equity testing,' consumer focus groups, photographic field research audit, and interviews with Dr Pepper management.

The new graphics have been applied to Dr Pepper venders, trucks and various point-of-purchase materials.

• For more information on the Berni Corp., circle no. 205 on the reader service card. □

told BI, adding that the future looks good.

• For additional information on B-Bar-B, circle no. 206; H.A. Brown, Inc., no. 207; Cornelius, no. 208; DCI Inc., no. 209; Electronic Dispensers Inter., no. 210; Foxx Equipment Co., no. 211; International Beverage Supply Inc., no. 212; Kenco Products Corp., no. 213; Liqui-Box Corp., no. 214; McCann's Engineering Co., no. 215; Potter & Rayfield, Inc., no. 216; Rutter, Pongrass & Assoc., Inc., no. 217; Scholle Corp., no. 218; SHURflo Pump Co., no. 219; Spartanburg Steel Products Inc., no. 220; Susi Corp., no. 221. □



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Sales up 10%-30% as Dr Pepper, Berni Corp. team up for 'facelift'

GREENWICH, CT—After undergoing a packaging "facelift" and weeks of test marketing, sales of the new look Dr Pepper have increased 10% and 30% for regular and sugar-free products, respectively—without any additional advertising support.

Officials of the Dr Pepper Co. had begun to question whether or not their firm's flagship brand was beginning to lose its pop. When sales were flat, a second opinion was sought. The Berni Corp., a national marketing, design and research firm, was retained. Officials of the Greenwich-based firm ascertained that the Dr Pepper

brand's appeal to a younger market could be improved by redesigning the package.

The Berni Corp. achieved its redesign goal by enlivening the familiar graphics and color schemes of Dr Pepper. The redesigned system, according to Berni Corp. spokesmen, is characterized by a greater compatibility or a "family look" between the regular and sugar-free presentations.

The Dr Pepper brand name, integrated with a red "flavor ribbon," is laced on an angle to further underscore the energetic, dynamic and upbeat image consistent with the product's positioning as a "fun and original product for

youthful thinking consumers," says Berni Corp. representatives. Packaging is scheduled for a national rollout this spring.

"Our Dr Pepper 'Brand Communications and Packaging Program' was specifically designed to aggressively capture increased sales and market share," explains Ste-



New design for Dr Pepper has apparently increased sales by appealing to more youthful consumers.

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Seven-Up Brooklyn Bottling Co., Inc., Melville, NY

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Beverage Business Indicators*

Selected Consumer Price Index (base 1967 = 100)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Cola	312.4	312.7	.1	305.0	2.5
Other carbonated soft drinks	146.3	147.6	1	144.6	2.1
Noncarbonated drinks	140.5	141.0	.35	138.8	1.6
Wine	234.8	235.7	.38	237.5	(1)
Beer and ale	224.4	225.4	.46	211.4	6.6

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed market basket of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows. The price of a base period market basket of goods and services in the CPI has risen from \$10 in 1967 to \$12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Closures for Beverages (thousands of gross)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Metal (for spirits, wines)*	90,063	78,598	(12.8)	43,307	81.5
Plastic (for spirits, wines)*	113,980	148,871	30.6	143,921	3.4
Metal Crowns (beer & soft drinks)	15,530	14,756	(5)	24,652	(40)
Soft drink (convenience and conventional types)	6,155	6,989	13.5	10,114	(31)
Beer (convenience and conventional types)	9,348	7,767	16.9	14,538	(47)
All other metal closures other than crowns	9,281	8,898	4.1	6,587	35.1

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Glass Bottle Production Total Bottles:	26,251	26,807	2.1	29,226	(8.3)
Beverage: Refillable	350	340	(2.9)	398	(14.6)
Nonrefillable	5,400	5,991	11	6,343	(5.5)
Beer: Refillable	331	175	(47)	134	(31)
Nonrefillable	9,281	9,183	(1.1)	10,121	(9.3)
Liquor	1,127	1,150	2	1,254	(8.3)
Wine	785	855	8.9	727	17.6
Plastic Bottle Production* Carbonated beverages	188,619	237,579	26	213,150	11.5

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base 1967 = 100)

	August 1983	September 1983	% Change	September 1982	Sept. '82 vs. Sept. '83 % Change
Soft drinks	325	327.1	.64	318.8	2.6
Alcoholic beverages	206.4	206.7	.15	199.7	3.5
Beverages and beverage materials	263.4	264.5	.42	257.1	2.9
Packaged beverage materials	324.3	324.7	.12	319.4	1.7

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPIs are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Imported Beverages (proof gals)

	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
Beer*	18,922,755	18,069,334	(4.5)	NA	—
Whiskey	4,121,614	7,412,365	80	NA	—
Brandy	369,449	325,018	(12)	NA	—
Gin	564,845	482,895	(15)	NA	—
Rum	150,648	122,807	(18.5)	NA	—
Cordials & liqueurs	642,349	522,621	(18.6)	NA	—
Others	627,778	928,440	48	NA	—
Total	25,399,438	27,863,480	9.7	NA	—
Sparkling wines	737,920	694,264	(5.9)	NA	—
Still wines, table	9,122,165	8,886,257	(2.6)	NA	—
Still wines, fortified	159,627	156,639	(1.9)	NA	—
Vermouth	126,061	182,066	44.4	NA	—

*Includes ale, stout, porter

NA: Not Available

Source: National Association of Beverage Importers, Inc.

Sweeteners (cents per pound)

	September 1983	October 1983	% Change	October 1982	October '82 vs. October '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	—	NA	NA
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	—	14.25	—
Sugar, liquid ind. no. 2 per cwt solids, F.O.B. (N.E. refinery)	32.20	32.20	—	32.20	—

NA: Not Available

Source: The Journal of Commerce

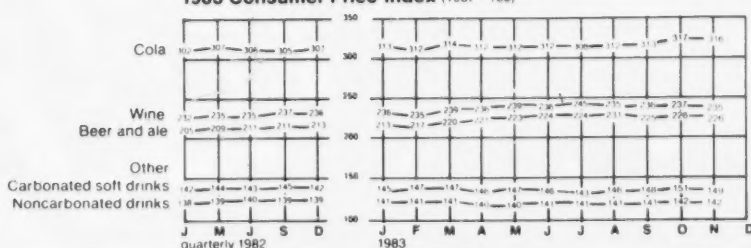
Alcoholic Beverage Removals (barrels or 31 gals)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Beer	17,334,301	17,103,625	(1.3)	16,328,649	4.8
Wine*	35,442,114	29,652,854	(16.3)	26,976,976	10
Spirits*	32,452,675	24,693,465	(24)	24,058,070	26.4

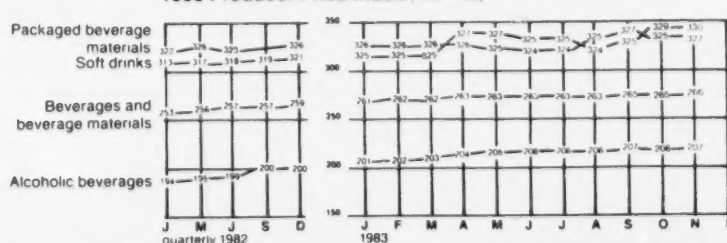
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

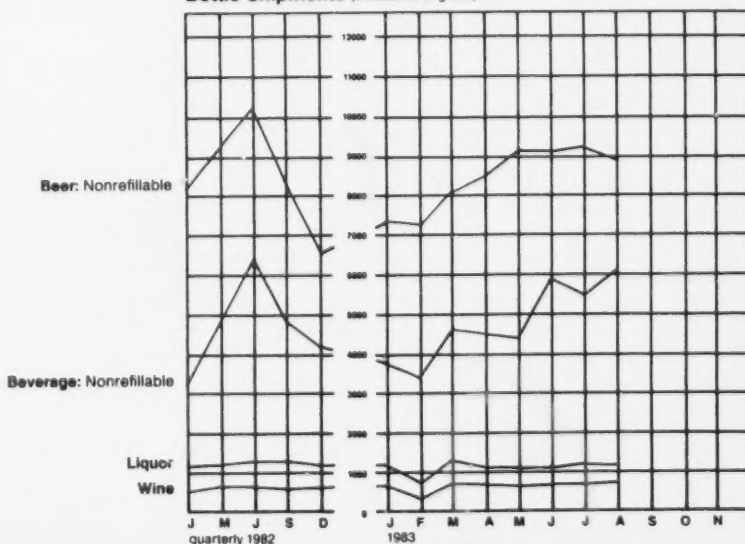
1983 Consumer Price Index (1967 = 100)



1983 Producer Price Index (1967 = 100)



Bottle Shipments (thousands of gross)



Promotions just as vital as prices for food chains

by Arthur Zimmerman

SPECIAL REPORT—The name of the game among fast food chains is to continually evaluate beverage sales as a means of either increasing marketshare or profitability. The result is a more or less constant state of change in the beverage component as individual chains find what they believe to be a competi-

tive opportunity.

Thus, Burger King recently switched from Coca-Cola to Pepsi-Cola because of Pepsi's promotion and tie-in package while the Church's Fried Chicken chain went in the opposite direction from Pepsi to Coke for Coke's promotion package and distribution system.

"With Coke we'd always be second fiddles," says John

Weir, director of public relations for Burger King. "We wanted to be one company's largest market."

"Price," he adds, "was not an issue. It was within pennies per gallon." Among the promotions he's looking forward to are one tying-in with the Olympics and another on stock car racing. Church's Larry Sharp, who handles beverage accounts for the

chain, says: "When we changed from Pepsi, we listened to all economic possibilities. But if the products are equal and so are quality and service, we'll look at promotion or volume incentives." Church's franchisees can "go in any direction" for distribution, Sharp says, either to a local bottler or on a national account through headquarters.

Local promotions are similar to those introducing new products, such as offering the beverage free with a family-sized box of chicken. "Soft drinks are one of two or three most profitable products," says Sharp. "People don't mind paying more for them because of the convenience."

T.J. Evans, marketing director for Shoney's Captain D's Seafood chain, acknowledges the high profitability of beverage sales. "It's fantastic," he says, but emphasizes the service aspect in brand selection. "I think you've got a 'given' on the accepted syrup brands across the country," he says.

"After that you want to be sure you've got somebody who can service the fountain heads. For us, that gets down to a local situation, a local businessman helping a local businessman. His entire reputation may hang on how he handles our restaurants. That's why we are so strong on Pepsi."

Ponderosa Steakhouse Div.'s George Kirkpatrick, marketing vp, points out how the beverage component can be used for other than optimizing profits. "Beverages are one of the more profitable food items in our total mix," he says, "But we elect to dilute that profit by giving more of the product to our customers. We are one of a very few, at least among the larger chains, which offers our customers free unlimited beverage refills."

Burger King recently announced it was testing a similar program. When a customer orders a soft drink, coffee or tea, he is given an empty cup and invited to fill it up himself at a dispensing area in the front of the store.

Promotion incentive

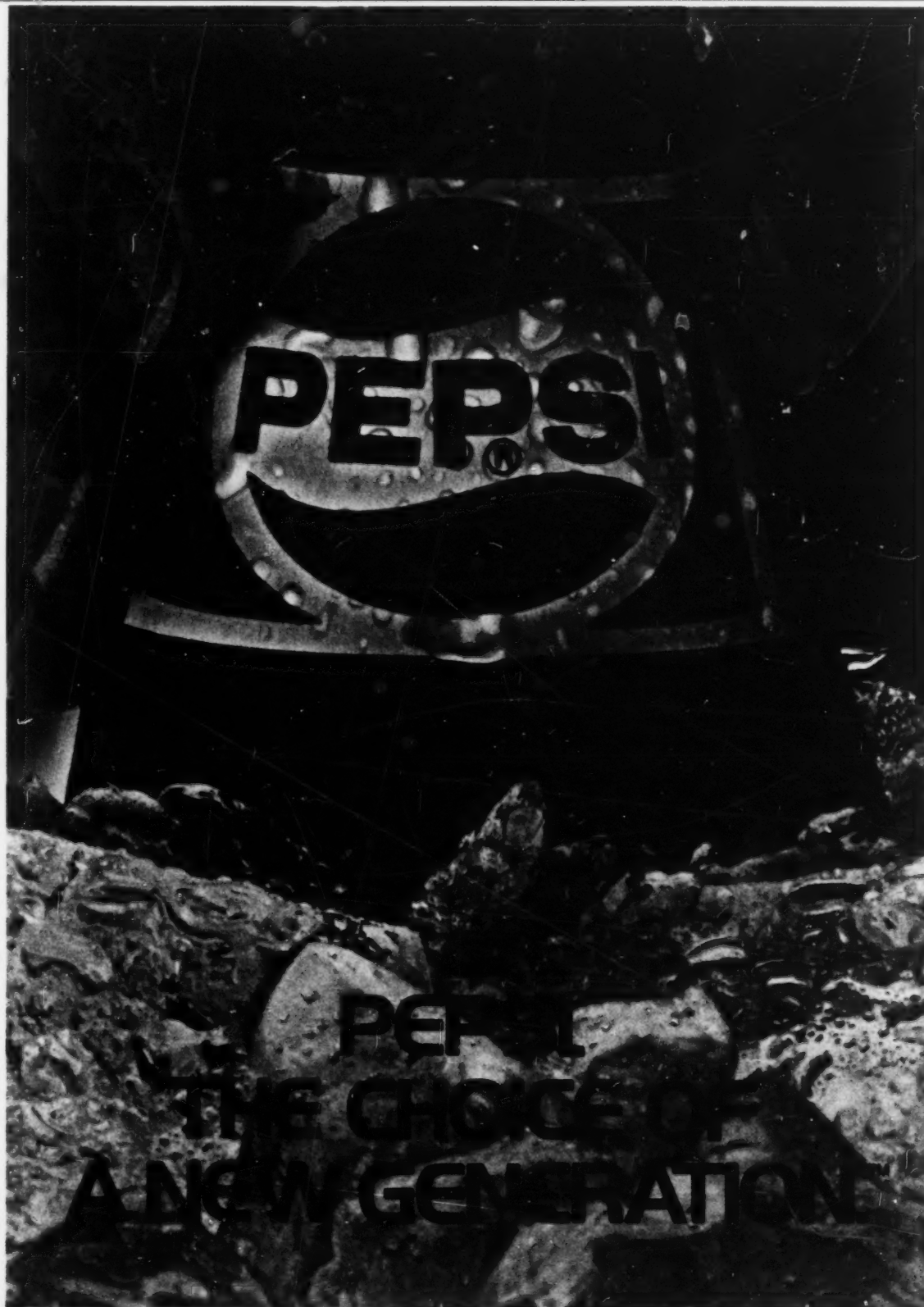
Because beverages are used as a promotional incentive to attract more customers, Kirkpatrick doesn't even keep track of beverage sales as a percentage of total sales.

"Another factor is the pricing points involved," he says. "A porterhouse steak at a Ponderosa costs quite a bit more than a quarter-pounder at a McDonald's. So the beverage sales percentage on the whole moves around a great deal from chain to chain, and is essentially meaningless."

A spokesperson for Kentucky Fried Chicken says that beverages make up about 5% of total sales in their stores. The firm does not dictate what brands will be used in each outlet.

"We leave it up to our franchisees and they generally go with whatever is more popular in their specific markets," comments the spokesperson. As for changes in brands, the most recent one has been a shift from Tab to diet Coke in the outlets which handle these brands.

Taco Bell's Perry Robson, marketing manager, says: "I would say beverage sales as a percentage of total sales would average somewhere around 20% for the industry as a whole." As for profitability, Robson says: "I think you will find beverage and paper, which is the way much of the



Pepsi, Pepsi-Cola, and The Choice of a New Generation are trademarks of PepsiCo, Inc.

industry looks at it (that's beverage, cup, lid, and straw), cost of sales would be about 25% on average."

Robson is currently evaluating four special areas for Taco Bell, in none of which does he believe the company has the ultimate final answers yet.

The take-out problem

First is the tendency, as the company grows with drive-through windows, to encounter consumer reluctance to buying beverages in that way. This phenomenon has been annotated by the CREST survey boards. Generally beverages move with about 65% of all orders in fast food restaurants, say the CREST reports, but there is 20% less likelihood of beverages moving with a take-out order.

Taco Bell is experimenting with packaging and promotions to overcome this problem.

Secondly, there is cup size strategy.

Says Robson: "We are pretty firmly in place with a four-cup size strategy, whereas I believe most of the country is at three sizes. Recently, though, we have been getting some indications some chains on the West Coast are looking at the fourth size in part to blunt competition with

7-11 Big Gulp-type deals; you know, to have a real up-size cup or portion."

Taco Bell uses 12-, 16-, 20-, and 32-oz. sizes, though Robson notes there is tremendous variation across the country. "One of the things being looked at is going to a 12-, 20-, 32-oz. pattern, making that jumbo size the large size, if you will," he says.

Another special issue at Taco Bell is whether to incorporate low calorie and/or noncaffeine drinks as a standard part of the product mix. At this point, the company does include diet drinks but not caffeine-frees.

Captain D's Evans agrees: "We're not reacting to the caffeine-frees yet; we do have a couple diet drinks. But we've only got four heads in many places now and 70% of our business is still in sugared drinks. We've got to be very careful or we'll wind up with 15 heads."

As for production selection, Burger King's Weir says his firm takes an "extremely competitive" posture. The restaurants offer five drinks: Pepsi, Diet Pepsi, Mountain Dew and two optionals like the Patio line or Sunkist or "any other local favorite. In Texas, it's Dr Pepper; in the Northeast, Seven-Up."

Finally Taco Bell is just going to go.

(Continued on page 76)

"Go First Glass" promo launched into fourth year

WASHINGTON, DC—Glass Vending Association (GVA) launched in January its fourth consecutive program to increase sales of 10- and 16- oz. pre-labeled, single service bottles through the nation's soft drink bottlers, according to Bruce E. Oman, GVA director of marketing programs.

The program, carrying the familiar theme "Go First Glass," has been expanded for 1984 to include a bottler incentive program to encourage mass displays of single service glass in supermarkets. This segment of the program is aimed at increasing the number of glass vending machines on a nationwide basis, Oman says.

GVA claims more than 340,000 additional glass vendors have been placed through hundreds of U.S. soft drink bottlers since the program began in 1980. A key factor in accomplishing this increase, GVA says, is an incentive program that lets bottlers earn a four-cent-per-case credit on purchases of 10- and 16-oz. single service glass. Credits are then applied to the purchase of new glass vending machines or kits to convert can machines to glass.

A year ago, GVA revised

the program in order to let bottlers apply part of their earned credits to cooler-shelf organizers and gravity-feed shelves in neighborhood convenience stores. The newest GVA program allows bottlers to use part of their credits to purchase warm-bottle single service glass stacking merchandisers for supermarkets. These merchandisers can be used only for single service glass.

Bottle bin merchandisers also qualify for credits, says Oman.

"Go First Glass '84" will be backed by extensive advertising to soft drink bottlers and retailers, and will include beverage, vending, supermarket and convenience store publications, Oman says.

Funding for GVA programs comes from participating glass companies. Over the past three years, companies have committed \$24 million to cover the four-cent-per-case bottler incentive program as well as advertising, promotion and administrative costs, according to Oman. This year's program will result in another \$10 million pledged by companies, he added.

• For more information on "Go First Glass," circle no. 241 on reader service card. □

Restaurant franchising—1983-1984 Distribution by major activity

	1983		Estimated 1984	
	No. of franchisee-owned	Sales (\$1,000)	No. of franchisee-owned	Sales (\$1,000)
Chicken	5,672	\$ 2,222,676	6,292	\$ 2,757,642
Hamburgers, Franks, Roast Beef, etc.	22,133	13,969,381	23,706	15,680,413
Pizza	7,943	2,706,832	9,033	3,248,509
Mexican (Taco, etc.)	1,869	719,776	2,072	828,009
Seafood	1,613	734,600	1,764	866,325
Pancakes, Waffles	1,126	596,811	1,190	635,115
Steak, Full Menu	5,328	3,811,676	5,633	4,311,241
Sandwich and Other	1,688	366,714	2,065	459,511
Total	47,372	\$25,128,106	51,755	\$28,786,785

Source: Franchising in the Economy, 1982-1984

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April 1984

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New series of IH trucks 44% more fuel efficient

CHICAGO—The International Harvester Truck Group has announced a new series of linehaul tractors specifically designed for fuel efficiency. The "LCO" (lowest cost of ownership) models are said to be up to 44% more fuel efficient than tractors now in operation.

The new models are conventional cab F2375 and F2575 units that embody many of the features of the

unit that set a record breaking 8.26 mpg average on a coast to coast trip last year.

Standard engine in the "LCO" series is the Cummins L10 F270, a lightweight model which develops 270 hp at 1900 rpm. Engine options include the Formula 300 and 350 models which also are noted for fuel efficiency. The standard transmission is the Spicer 1372 seven-speed unit except with the F350 engine.

The Fuller 11609 nine speed gear box used with that engine also is an option on other models. IH designed Spicer manufactured tandem drive axles are rated at 40,000 pounds with ratios of 3.73/1 with the L10 engine and 3.54/1 with the F300 and F350 engines.

One of the more unique features of the "LCO" models is the ETEC control system produced by TRW. The ETEC functions as a road speed governor, engine speed governor, and cruise control. Road speed generally is set at 60 mph at the factory with maximum cruise speeds of 58 mph.

IH engineers emphasize that the gear-fast/run slow has been employed for many years by better drivers to gain maximum fuel efficiency. The ETEC system and drivetrain mating simply make fuel economy mandatory on the new models.

Basic to the drivetrain package are Goodyear 285/75R24.5 low profile radial

tires. Tests conducted by Goodyear have indicated a 5-6% fuel savings over conventional radials with improved tread and carcass life. Goodyear claims that with proper maintenance and rotation the original tread should give approximately 200,000 miles of service and the carcass should approach one million miles with retreads.

Another energy saving feature of the "LCO" models is factory install roof and cab fairings.

Fuel economy is claimed to be up to 12% greater than on

combinations without wind deflection devices.

International Harvester President Neil A. Springer points out that deregulation, the depressed economy and high interest rates have combined to lower new truck sales a shocking 53% from 1979 to 1983. IH views production of trucks that deliver maximum fuel economy and low maintenance costs as a primary competitive tool.

• For more information on International Harvester's new series of linehaul tractors, circle no. 242 on service card. □



The International F-2575 "LCO" joins the F-2375 in the new line of IH trucks just introduced.

Promos just as vital as prices for food chains

(Continued from page 75)

ing to regional taste preferences in some locations; Dr Pepper in the Southwest, for example. Being owned by PepsiCo, Pepsi and Diet Pepsi are standard across the chain.

At Burger Chef, each franchisee decides which soft drinks to handle, according to Rick Bollinger. But each must offer at least one cola and one non-cola and have other offerings approved by the chain.

Distribution of soft drink fountain syrups varies from chain to chain, depending on size and company policy on centralized control.

McDonald's insists on having fountain syrups delivered to its central commissary which are then distributed to its restaurants. Ponderosa uses master distributors which accept the syrups from bottlers or on national accounts. Captain D's work closely with local bottlers.

Burger King buys all its drinks centrally and distributes them through Distron, a food distribution company wholly owned and operated

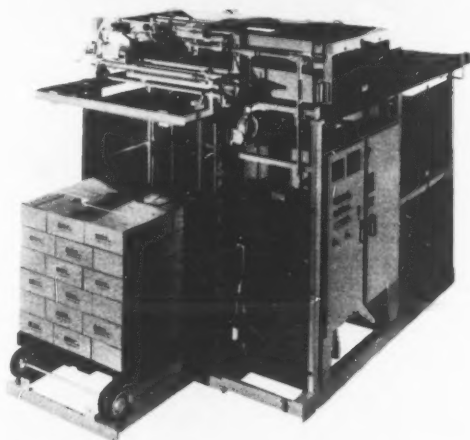
by the chain.

Seasonality does not seem to make a great difference in soft drinks sold through fast food outlets. There is some variation, but Ponderosa's Kirkpatrick says: "The number of glasses of a cold beverage tends to hold rather constant between summer and winter; the thing that varies more significantly is the number of customers. More people tend to eat out in the warm six months of the year."

"You'd think there'd be a greater percentage of larger drinks sold in the summer," says Burger Chef's Bollinger. "But it's not true. These beverages are largely sold in medium-sized glasses, and the numbers of small and large glasses sold in summer are not really enough to make a dent in the overall quantities."

While the kaleidoscopic patterns of beverage sales will continue to change with the fast food industry, it is certain they will remain a key part of competition in this, the fastest growing segment of the restaurant business in the U.S. □

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Dad's agreement reached

Roy Gurvey, left, president of Dad's Root Beer Co. and Roy Lockyer, president of Canada Dry/Dr Pepper of Canada, signed an agreement naming the Canadian firm the franchise agent for regular and sugar free Dad's Root Beer for Canada. Lockyer reports that Dad's is already available to 65% of the Canadian population, although the program has been in effect for only several months.